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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

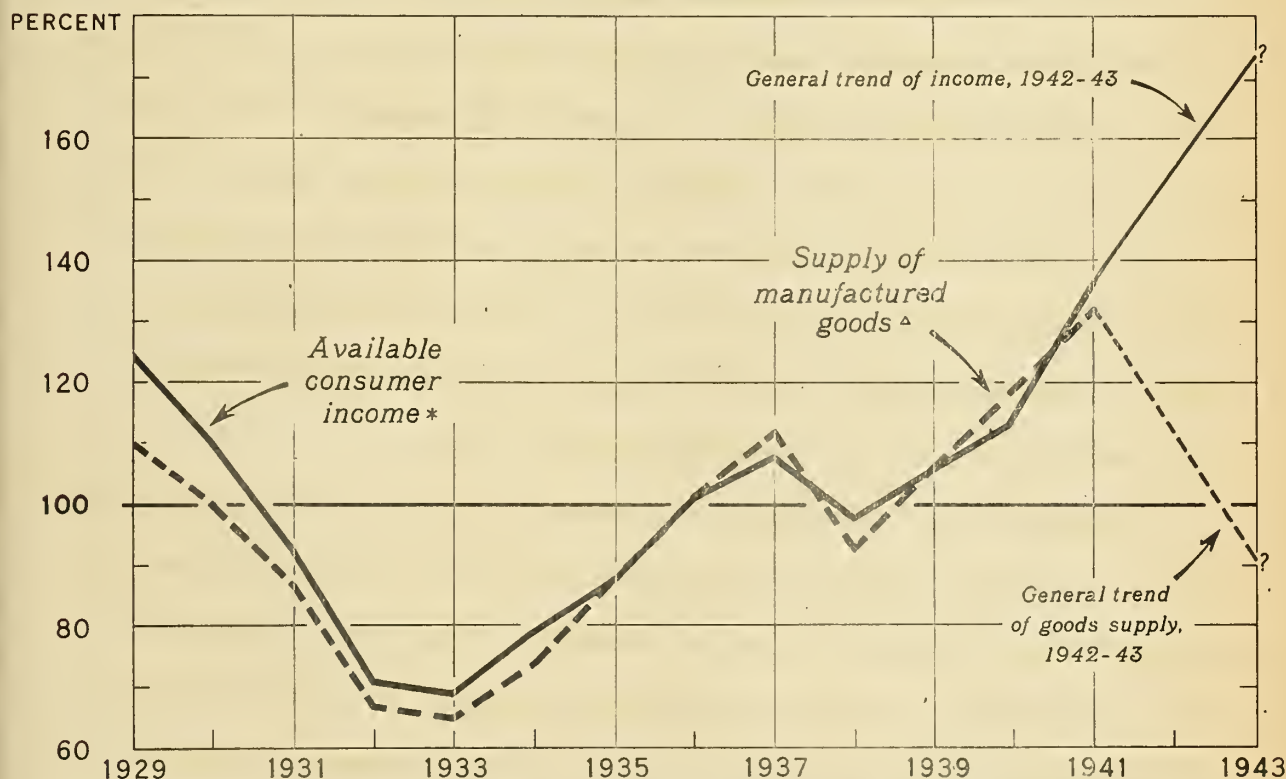
WASHINGTON, D. C.

BAE

JULY 1942

CONSUMER INCOME AND CIVILIAN SUPPLY OF MANUFACTURED GOODS, UNITED STATES, 1929-43

INDEX NUMBERS (1935-39=100)



* MONEY INCOME AVAILABLE FOR PURCHASE OF GOODS AND SERVICES AND FOR SAVINGS

^ FACTORY PRODUCTION FOR CIVILIAN USE ADJUSTED FOR CHANGES IN INVENTORIES OF MANUFACTURERS AND DISTRIBUTORS

U. S. DEPARTMENT OF AGRICULTURE

NEG. 42428

BUREAU OF AGRICULTURAL ECONOMICS

ANNUAL FLUCTUATIONS IN THE SUPPLY OF MANUFACTURED GOODS AVAILABLE TO CONSUMERS AND IN THE INCOMES OF CONSUMERS NORMALLY ARE QUITE SIMILAR. CHANGES IN WAGE PAYMENTS, PROFITS, AND OTHER CONSUMER INCOME RESULT LARGELY FROM CHANGES IN FACTORY PRODUCTION. ALSO, WHEN MANUFACTURERS' PRICES ARE RELATIVELY STABLE, CHANGES IN CONSUMER PURCHASING POWER AND DEMAND ARE REFLECTED IN ROUGHLY CORRESPONDING CHANGES IN THE PHYSICAL VOLUME OF SALES. IN 1942 AND 1943, HOWEVER, THE VOLUME OF MANUFACTURED GOODS AVAILABLE FOR CIVILIAN PURCHASE (ALLOWING FOR CHANGES IN BOTH PRODUCTION AND INVENTORY) WILL BE SHARPLY REDUCED FROM 1941, WHEREAS CONSUMER INCOMES WILL BE SHARPLY HIGHER. THIS PLACES A TREMENDOUS PRESSURE ON COMMODITY PRICES DURING 1942 AND 1943, EXTENT OF WHICH IS ROUGHLY INDICATED BY THE DIVERGENCE OF THE TWO LINES ON THE CHART.

SUMMARY

Domestic consumer demand for farm products will continue to rise during the next few months. The demand for farm products for military and lend-lease purposes also will continue to increase, although a tight shipping situation is a limiting factor.

During the 11 weeks since broadened price controls went into effect there has been no further general advance in wholesale prices. On the other hand, when controls became effective prices did not decline to the March level, and prices of some of the controlled commodities have been permitted to rise moderately. Retail prices exclusive of food had risen each month since February 1941, but did not rise between mid-May and mid-June after controls became effective. Rising costs of production, expanding consumer demand, and diminishing supplies of many civilian goods continue to press on the general price level.

Prospects that marketings of livestock and livestock products will continue to exceed previous records, the outlook for larger-than-average crop production this season, and a generally strong price situation all point to increases of at least seasonal proportions in cash income from farm marketings between now and next fall. Partly because of broadened price controls, smaller advances both in prices received and prices paid by farmers during the remainder of 1942 compared with the like period of 1941 are in prospect.

Production of eggs and milk will be the largest on record. The relation of egg to feed prices will be more favorable than average during the remainder of 1942; but the ratio of milk to feed prices may be slightly less favorable than average.

Hog slaughter under Federal inspection may be about 65 million head in the 1942-43 marketing year (October-September) compared with the previous record of 53.7 million head in 1923-24. Hog prices reached a 16-year peak of \$15.15 at Chicago on July 21 and are quite high relative to ceiling prices of pork and lard.

Large military requirements for beef are an important factor supporting cattle prices. However, the new wholesale price regulation for beef, effective July 13, which is intended to widen the spread between wholesale and retail meat prices and between the different grades of beef, may result in some downward adjustment in prices of lower grades of slaughter cattle. Cattle marketings are expected to be considerably larger during the remainder of 1942 than during the corresponding months of 1941.

An increase of about one-eighth in the 1942 production of domestic fats and oils as compared with 1941, probably will not entirely offset the reduction in imports and increased exports. Disappearance of primary fats and oils in 1942 probably will be at least as large as in 1941.

The largest wheat supply in history is indicated for the current season (July 1942-June 1943) - about 1,535 million bushels compared with the previous record of 1,331 million last year. Wheat prices trended downward from mid-March to early July.

Cotton consumption during the 11 months of the current season to June 30 totaled 10.2 million bales, 16 percent more than for any previous comparable period. The rate of consumption will have to be increased still further if the War Production Board's goal for cotton textiles is reached. Cotton acreage as of July 1 was officially forecast at 24.0 million, an increase of almost 4 percent over the acreage harvested last year.

-- July 25, 1942

DEMAND.

Domestic consumer demand for farm products will continue on a rising trend during the next few months. Although the over-all expansion of industry is limited by near-capacity output of basic materials, employment and consumer income continue to increase. Total demand for farm products for lend-lease and military purposes probably will continue to increase, although the lack of shipping facilities is a limiting factor in making deliveries.

Changes in industrial activity, employment and consumer income no longer have the same significance in relation to the demand for, and prices of, farm products that they do in peacetime. The demand for cotton, for example, ordinarily is closely tied to changes in industrial production, but with domestic cotton mills already operating at near capacity, and with military requirements increasing, moderate changes in the industrial situation have little effect on the demand for cotton goods. Likewise, price ceilings on meats and many other foods have reduced the significance of changes in consumer purchasing power in relation to the prices of these goods. There are, however, a number of farm products which are not yet even indirectly covered by price ceilings: for these, changes in consumer incomes and demand are still of major importance in affecting prices. The degree of pressure from the demand side also is important in connection with the degree of pressure or price ceilings and their effects on the distribution of available supplies.

Industrial activity continued to advance moderately from May to June, when the seasonally uncorrected index was 6 percent above that of last October. This rise has occurred entirely in the last 3 months (April-June). Contributing to the rise has been the output by new plants and increased production by old ones, but the main impetus has been resumption of large-scale production in plants converted from civilian to war goods.

Plants now in operation are using up most of the current output of raw materials, and except for prospective increases in output of aluminum and a few other materials the only way in which total industrial output can be substantially increased this year is through the more intensive use of labor per ton of material. Since about half of total industrial capacity now is for war purposes, conversion will become decreasingly important as a factor adding to man-hour requirements. The closing down of some additional plants heretofore producing civilian goods will partly offset the effects of a more intense use of labor on available materials. Hence, although some of the commonly used measures of industrial activity may continue to rise for some time the nation is approaching the point where it will be exceedingly difficult to obtain further expansion in over-all industrial production.

Changes in industrial activity, therefore, during the remainder of the war will not be as important as in peacetime in affecting the general agricultural situation. Changes in consumer incomes may be relatively greater, and hence may bring substantial changes in the demand for farm products. This is because consumer incomes are affected not only by the volume of industrial activity and employment, but also by changes in wage rates and other prices. Up to now the money purchasing power of consumers, rising with the expansion of industrial activity, has resulted in expanded demand for goods and increasing pressure on prices. From now on, changes in wage rates and prices will play a more dominant roll in determining changes in consumer incomes.

THE GENERAL PRICE LEVEL

Rising costs, expanding consumer demand, and diminishing supplies of many civilian goods continue to exert upward pressure on the general price level. But commodity prices generally have been held in check since May by broadened wartime controls. Maximum prices on some consumer services became effective July 1 similar to those on wholesale and retail prices of many commodities as of May 11 and 18, respectively. In general, "ceilings" were placed at highest prices charged in March. The area in which residential rents are under governmental control was widened during the past month.

During the 11 weeks since broadened price controls went into effect there has been no further general advance in wholesale prices. The Bureau of Labor Statistics index of wholesale prices averaged 98.3 percent of the 1926 average during the week ended July 18, compared with 98.6 in the week ended May 9 (the last before broadened controls). On the other hand, prices did not, when controls became effective, decline to the March peak level, and some of the controlled groups have been permitted to rise moderately. Hog prices have advanced to new peaks for recent years despite "ceilings" on pork products. However, effects of these price increases have been fully offset by declines in prices of some other commodities.

Retail prices exclusive of food prices also stopped advancing after controls became effective, according to Bureau of Labor Statistics data, and in June there was some decline in residential rents and in prices of clothing and miscellaneous items; which in all account for about half of the urban worker's budget.

FARM INCOME AND PRICES

Cash income from farm marketings in June was aided by heavy movement to market of cattle and hogs and continued large production of milk and eggs. Thus, despite the small movement of wheat to market, largely because of the storage situation, there was an increase of about seasonal proportions in cash income from marketings of all farm products.

Prospects that marketings of livestock and livestock products will continue to exceed previous records, the outlook for larger-than-average crop production this season, and a generally strong price situation point toward further increases of at least seasonal proportions in cash income from marketings between now and this fall.

The index of prices received by farmers was off one point in June to 151 percent of the 1910-14 average and generally the price changes in central markets for farm products have been small since mid-June. Prices paid by farmers in June remained at the May level of 152 percent of the 1910-14 average. Partly because of broadened price controls, smaller advances both in prices received and paid by farmers during the remainder of 1942 compared with the like period of 1941 are in prospect.

COTTON

Cotton consumption during June was 967,000 bales and for the 11 months August-June totaled 10,169,000 bales, an increase of 16 percent over a year ago. Although the consumption rate since January 1 has been relatively stable at from 43,900 to 46,100 bales per day, the outlook is for a still higher level of consumption next season. This further advance will be necessary if the War Production Board's production goal for cotton textiles is reached. Since the cotton industry is already approaching maximum practicable production, increases above present levels will become increasingly difficult.

Cotton acreage as of July 1 was officially estimated at 24,005,000 acres, an increase of 3.8 percent over last year. Increases were largest in the border producing States. In the Southeast considerable acreages normally planted to cotton have been diverted to production of peanuts for oil. The acreage of American-Egyptian cotton (staple length of 1-1/2 inches and longer) was estimated at 207,500 acres, a 51 percent increase over 1941. In contrast, the acreage of Sea Island cotton declined from 38,900 last season to 9,500 acres this year, largely as a result of unfavorable yields in previous years and increased profitability of other crops.

WHEAT

Compared with a month earlier, cash wheat prices on July 24 were 2 cents lower at Kansas City and Minneapolis and 5 and 9 cents higher at St. Louis and Portland. Prices have recently been the lowest for the season to date and the lowest since last October. The low point for the season frequently occurs in August because of the pressure of new-crop sales and associated hedging, although last year it occurred in July because of the sharp increase in the loan rate. The peak of the hard winter wheat movement is now past, and with the purchase of wood bins and the utilization of steel bins, coupled with the ingenuity of farmers in the use of local space, the storage situation has been improved.

The old-crop carry-over figure, when complete early in August, is expected to amount to about 620 million bushels. Of this approximately 400 million bushels were held by the Commodity Credit Corporation or still under loan and 11 million bushels held in the Federal insurance reserve, leaving about 210 million bushels of "free" wheat in the carry-over. However, with the market from 8 cents (St. Louis) to 23 cents (Minneapolis) below the loan rates, there is a strong tendency again to hold large quantities of wheat off the market. Last year 367 million bushels were placed under loan, or 39 percent of a crop of 946 million bushels. With higher loan rates than a year ago and with more growers eligible, an even larger percentage may be stored out of the 1942 crop if storage facilities permit.

A total crop of 904 million bushels was indicated by the official report of July 10, consisting of 675 million bushels of winter wheat and 229 million bushels of spring wheat. With a crop of this size and a carry-over of about 620 million bushels, total supplies for the year beginning

July 1, 1942 would approximate 1,525 million bushels. This is the largest supply in the history of our country and compares with 1,331 million bushels last year, the previous record, which included a carry-over of 385 million bushels and a crop of 946 million bushels.

RICE

The United States rice crop was officially forecast on the basis of July 1 condition at 75.8 million bushels (21.1 million barrels). This exceeds by 39 percent the previous record crop of 54.4 million bushels in 1940, and by 66 percent the 10-year average of 45.7 million bushels. The seeded acreage in the southern States was increased 19 percent, and that in California 10 percent. These increases reflect the high prices which existed prior to seeding time and the removal of acreage restrictions. Prospective yields per acre are above average in both areas.

Old crop stocks of both rough and milled rice at the beginning of the marketing year are expected to be extremely small. But, with the very large crop in prospect, supplies are expected to be fully ample for requirements, and for a moderate carry-over at the close of the marketing year.

Based on very limited sales at this time of the year, the price of rough rice in mid-June was \$1.71 per bushel, which was 38 percent above the parity price of \$1.24. In mid-June 1941 the price was \$1.14, or 107 percent of parity. A Gulf storm in September and excessive rainfall later in the southern area, and generally unfavorable growing conditions in California, greatly reduced production last year. This, together with increased foreign and domestic demand, accounted for the sharp increase in rice prices during the 1941-42 marketing season. With further prospective increases in foreign and domestic requirements it is expected that prices will be maintained at relatively high levels through the 1942-43 marketing year.

FATS AND OILS

Acreage of oilseed crops in cultivation July 1 is reported at 47.5 million, 8.4 million more than a year earlier. Production of cottonseed, soybean, peanut, and linseed oils may total 3,750 million pounds, about 1,150 million pounds more than from 1941 acreage. Production of vegetable oils from all domestic materials in the calendar year 1942 may reach 3,150 million pounds, about 350 million pounds more than in 1941.

With a record spring pig crop of about 62 million head, following a record fall crop in 1941, lard production may be about 350 million pounds greater this year than last. Additional animal fat will be supplied by the household fat recovery program recently placed in operation. Production of inedible tallow and greases in 1942 may be 2 billion pounds, 450 million pounds more than last year.

Wholesale prices of edible fats and oils and of linseed oil were somewhat lower in June than in May. Demand from distributors and other wholesale buyers continued light. Dealers and consumers apparently are reducing

inventories, since price ceilings have removed most of the incentive to hold large stocks in anticipation of price rises. Prospective large supplies of edible oils from the 1942 crop of oilseeds may also have influenced buyers to defer purchases.

Consumer purchasing power continues to rise and with maximum retail prices in effect, the volume of consumer purchases of fats and oils in finished form should be greater in 1942 than in 1941. Total disappearance of primary fats and oils in 1942, reflecting heavy consumer purchases, probably will equal or exceed the 1941 total of 11 billion pounds despite the apparent overstocking of finished goods by dealers and large consumers last year.

The increase in domestic production of fats and oils in 1942, though substantial, probably will fall short of offsetting the increase in exports and reduction in imports. Stocks of primary fats and oils are likely to be materially reduced in 1942 unless domestic consumption is restricted by Government action.

CORN AND OTHER FEED GRAINS

Crop conditions and stock reports indicate that the 1942-43 supply of four principal feed grains will total about 127 million tons, 3 million tons less than the near record supply last year. With livestock numbers increasing, especially hogs, the supply of feed grains per grain consuming animal unit may be about 10 percent smaller than last year. The indicated hay supply is 112 million tons, the largest on record, and 5 percent larger than the 1941 supply. The corn supply is expected to total about 3,125 million bushels, about 200 million bushels smaller than the near record 1941 supply. The indicated oats supply is 7 percent larger than the supply last year and the barley supply 13 percent larger.

Corn disappearance during the first 9 months of the 1941-42 marketing season was 12 percent greater than for this period last year, and July 1 stocks were 109 million bushels smaller than a year earlier. Disappearance of all feed grains is expected to continue heavy in 1942-43 and the corn carry-over October 1, 1943 may be near or below 1928-37 average of about 185 million bushels.

The price of No. 3 Yellow Corn at Chicago averaged (87) cents per bushel for the week ended July 18, 1 cent higher than a month earlier. Barley also was higher but oats was about the same as a month earlier. Prices of oilseed meals have advanced during the past month, with an advance in soybean meal of about 6 dollars per ton above the lowest point reached in June. The price of wheat middling in late July was near the maximum price recently established by the Office of Price Administration at various basing points; ham prices were somewhat below.

HOGS

Preliminary forecasts of a record 1942-43 hog slaughter were confirmed by the June pig survey, which indicated that the 1942 spring and fall pig crops combined would total slightly more than 105 million head. This year's

spring crop is now estimated at 61,976,000 head, 25 percent larger than that of last year and much the largest spring pig crop on record. The number of sows indicated to farrow this fall is also about 25 percent greater than a year earlier, and if the number of pigs saved per litter is average, the fall crop will total about 46.5 million head. This is also a new high record, over 60 percent greater than the average number of pigs raised during the fall season for the 10 years prior to the 1934 drouth.

On the basis of these large increases in the 1942 pig crop, total hog slaughter in the 1942-43 marketing year (October-September) may exceed 90 million head, and the number slaughtered under Federal inspection may be about 65 million head. The largest number of hogs slaughtered under Federal inspection in any other marketing year was 53.7 million head in 1923-24.

The weekly rate of hog marketings decreased sharply in early July, and it appears that the summer peak in slaughter supplies is now past. Slaughter under Federal inspection during June totaled nearly 4.6 million head, 5 percent greater than in May and 37 percent greater than in June last year. The January-June total of 26.9 million head was 16 percent greater than in the first half of 1941.

Hog prices advanced to a new 16-year high in mid-July when the top price for hogs at Chicago reached \$15.15 on July 21. Average prices for hogs have been quite high relative to the ceiling prices for pork and lard in recent weeks, reflecting unusually active competition between packers for hogs in order to fill both lend-lease and domestic outlets for pork and lard. On July 23 Secretary of Agriculture Wickard announced a program designed to bring about a better adjustment between prices paid for meats for lend-lease purchases and prices prevailing in the domestic trade. Prices paid by the Agricultural Marketing Administration for lend-lease purchases were revised downward on most meat products and lend-lease shipments are to be temporarily reduced.

CATTLE

Beginning July 13, the new wholesale price regulation for beef became effective (Maximum Price Regulation No. 169) under which ceiling prices were established by grades more nearly in line with the prices which actually prevailed in March. This revision is intended to widen the spread between retail and wholesale meat prices and between the different grades of beef. With prices of choice steers now only a little below highest March prices, it appears that current prices for the upper grades of slaughter cattle are now fairly well in line with the highest prices permitted by the beef price ceiling. But prices of lower grades, above the March level, may drop in view of the new order.

Although prices may decline moderately during the next several months, the outlook for prices of range cattle to be marketed this fall is good. The general level of prices of feeder and grass fat cattle is expected to continue substantially higher than in the last half of 1941, when prices for such cattle were the highest in over 10 years. An important factor supporting the price of grass fat cattle will be the large military requirements for beef. This large demand is expected to absorb most of the range cattle that are suitable for immediate slaughter. This in turn will tend to limit the supply of range

cattle available to feeders. Although the country demand for feeder cattle probably will be curtailed because of the relatively narrow spread between feeder and fat cattle prices, prices for grain fed cattle through 1943 are expected to continue at about the maximum level permitted by the ceiling prices on beef. This may remove some of the uncertainty in cattle feeding so that farmers can calculate with more than usual accuracy the maximum price which they can afford to pay for feeders. Hence, although the spread between feeder and fat cattle prices may continue relatively narrow, a decline of only \$1 in feeder prices might uncover a broad country demand for such cattle, which would tend to prevent any substantial decline in feeder values if supplies of such cattle should be greater than now appears probable.

Marketings of slaughter cattle increased sharply in June after having been curtailed in May following the announcement of price ceilings for beef. Inspected cattle slaughter in the first half of 1942 totaled 17 percent greater than a year earlier.

LAMBS

Although weather and feed conditions in the range States are generally better than average this year, scattered reports continued to indicate that the 1942 lamb crop may be slightly smaller than the record crop of last year. Because of adverse weather conditions during shearing and lambing, the number of lambs saved per hundred ewes in the Western Sheep States is expected to be smaller than the record large percentage saved last year, and this may offset the slight increase in the number of stock sheep on farms and ranches at the beginning of the year. Unfavorable weather conditions in the Northwestern States during the late spring are reported to have delayed the market movement of early lambs from that area.

Contracting of western lambs for late summer and fall delivery has been rather limited at prices averaging around \$10 to \$11 for lambs in feeder condition. This is about \$1 higher than contract prices prevailing last summer. However, with prices for slaughter lambs now averaging close to \$3 higher than a year earlier, the current spread between feeder and slaughter lamb prices appears to be more favorable for lamb feeders than it was a year ago.

Spring lamb prices declined moderately in late June and early July, reflecting some increase in slaughter supplies. The average price of good and choice grades of spring lambs at Kansas City for the week ending July 18 was \$13.00, compared with \$15 in late June and \$11 in the corresponding week last year. Despite this weakness in market prices, average prices received by farmers for lambs are still above the minimum level at which the Office of Price Administration could establish ceiling prices for lamb products.

Marketings of sheep and lambs for slaughter during June totaled nearly 1.5 million head, little different from that of a month earlier but 7 percent greater than in June last year. Slaughter of sheep and lambs in the first half of 1942 totaled 5 percent greater than in the January-June period of 1941, but marketings and slaughter in the last half of the year may not differ greatly from the July-December total last year.

WOOL

The weakness in wool prices which began in late May continued in June. Quoted prices for fine graded territory wools at Boston declined 2 to 3 cents a pound, scoured basis, in the latter part of the month. The average price received by farmers for wool was 39.7 cents a pound on June 15 compared with the peak of 40.2 cents on May 15 and there are indications that buyers recently have offered prices considerably below May levels. The chief reason for this weakness in the wool market appears to be that mills and dealers hold considerable stocks of foreign wools and of domestic wools delivered on early season contracts. These stocks probably are sufficient for current needs, and mills have curtailed purchases of domestic wool pending further Army orders for wool cloth.

Mill consumption of apparel wool in May averaged 11.1 million pounds a week, scoured basis, and was only slightly below the record high rate of April. Consumption on a greasy shorn and pulled basis in the first 5 months of 1942 was at a record high rate of about 1 billion pounds a year compared with the 1935-39 average of about 575 million pounds. Because of large military contracts, it appears likely that this rate of consumption will continue through most of 1942. Mill consumption of apparel wools finer than 44s for civilian use in the 6 months, August 1942-January 1943, will be limited to roughly $\frac{1}{3}$ of the average rate of consumption in the 5 years, 1935-39, under War Production Board Conservation Order M-73. Provision is included in this order for mills to increase their total allotment of wool for civilian use in proportion to the amount of coarse wools used.

DAIRY PRODUCTS

On July 21 the Department announced that the price of 92-score butter at Chicago would be supported at 39 cents, 3 cents above the previous support level and $1\frac{1}{2}$ cents above the market price on the preceding day, and that the price of No. 1 cheese on the Wisconsin Cheese Exchange would be increased by $\frac{3}{4}$ cent. Price increases of a half cent for spray-process dried skim milk and decreases of a half cent for roller-process dried skim milk and of 10 cents per case for evaporated milk also were announced. This action was taken to encourage a continued large dairy production to meet civilian, military and lend-lease needs and to encourage the utilization of milk in those manufactured dairy products for which the greatest need exists.

During the remainder of 1942 prices received by farmers for both butterfat and whole milk at wholesale are expected to continue somewhat higher than prices last year. But with higher feed-grain prices also expected, the dairy product-feed price ratios in the third quarter of 1942 probably will continue considerably less favorable to dairymen than the unusually favorable ratios of last summer, but may be nearly as favorable as the 1920-34 average ratio for the corresponding period. In the last quarter of 1942 the butterfat-feed price ratio may be nearly as favorable to dairymen as in late 1941.

Largely as a result of continued cool weather and unusually good pastures, milk production per cow on July 1 was 2 percent larger than on the same date in 1941. With more cows on farms, total milk production on July 1 was 5 percent above a year earlier and for the month of June, 4 percent larger. With ample feed supplies on hand and unusually favorable prospects for crops and pastures, total milk production during coming months may average 2 to 4 percent larger than a year earlier.

During June commercial stocks of butter increased somewhat less than in June 1941 and on July 1 stocks were 6 percent smaller than a year earlier. Both commercial and Government stocks of cheese continued relatively large.

POULTRY PRODUCTS

Farm marketings of chickens are likely to continue larger than a year earlier and will increase considerably until the usual seasonal peak is reached in October or November. In recent weeks marketings of both fowl and young stock in the Midwest have been much larger than last year. Storage stocks of poultry are about at the seasonal low with stocks of fowl the largest on record and stocks of young chickens the smallest since 1924.

The effects on prices of the larger marketings of chickens this year are likely to be slightly more than offset by strong consumer and storage demand. However, prices of some classes, particularly heavy roasters may be little different from a year earlier during the period of peak marketings. In mid-June the average price received by farmers for chickens in the United States was 13 percent higher than a year earlier and wholesale prices for both live and dressed birds have since continued higher.

Egg production in June, as in the first half of the year, was 16 percent larger than a year earlier. Despite the heavy marketings of fowl in June, numbers of layers on farms declined about the same proportionately from May to June as in 1941, although the proportionate decline during the first half of the year was somewhat smaller. In June the number of layers was 14 percent larger than in June last year and about 1 percent more eggs was produced per bird. The egg-feed ratio in June was slightly less favorable than last year, but considerably more favorable than average.

Wholesale egg prices July 24 were somewhat higher than a month earlier and about 20 percent higher than last year at this date.

FRUITS

Fruit supplies this year are expected to be a little larger than the record production in 1941. However, the total supply of fruit available for domestic civilian consumption during the 1942-43 marketing season will be less than last season since larger quantities of fresh and processed fruits will be purchased this year by the Government for the armed forces and lend-lease shipment. If Hawaiian pineapple canners are able to put up normal packs this season, and ship them to the United States mainland, the maximum amount of canned fruits and juices available to domestic civilian consumers probably would be 10 to 15 percent less than in 1941; the amount of canned fruits available for domestic civilians would be considerably less, but canned juice supplies larger. Supplies of dried fruits available to domestic civilian consumers will be less in 1942 than in 1941. Imports of bananas have been sharply curtailed, a situation which will continue for the duration of the war.

On July 24 the Office of Price Administration announced that it was taking measures that would possibly lift wholesale and retail prices of the 1942 pack of canned fruits and berries by 10 to 25 percent over the March 1942 peak prices received for the 1941 pack. Ceilings on frozen fruits will also be raised. These measures are considered necessary in the absence of a subsidy program.

On July 1 the 1942 peach crop was estimated to total about 67.0 million bushels compared with 74.5 million in 1941. The California crop is indicated to be larger this year. Pear production, as of July 1, was indicated to total 29.3 million bushels compared with 29.5 million produced in 1941. The condition of apples in commercial areas on July 1 was 65 percent, the same as on July 1, 1941. The California grape crop is indicated to total 2.3 million tons compared with 2.5 million last year. Wine, raisin and table varieties share in this decrease. Despite the likelihood of a smaller production of raisin varieties this year, the raisin pack may be considerably larger than in 1941 (perhaps 30 to 35 percent), depending somewhat on the extent to which raisin variety grapes might be restricted for wine and brandy use, and fresh interstate shipment.

POTATOES

The total 1942 potato crop is expected to be about 3 percent greater than last year. Indicated production in the 12 early States was 52.7 million bushels as compared with 47.3 million for last year and 38.9 million for the 10-year average 1930-39. Intermediate States production was estimated to be about 31.6 million bushels as compared with 29.9 million last year. Expected production in 30 late States is 285.5 million bushels as compared with 280.5 million last year and 1930-39 average of 298 million.

Although the trend of potato prices is slightly downward, as is usual at this season, shipping-point prices in July were generally around \$1.00 higher than last year. The higher level of consumer purchasing power seems to be more than offsetting the influence of a larger intermediate crop and will likely result in the maintenance of a relatively high level of prices throughout 1942.

TRUCK CROPS

Supplies of vegetables for fresh market continue more abundant this year than last. Tonnage of 22 truck crops produced, or now being harvested, is expected to total 9 percent more than last year. The expected increase in production results largely from increased yields, particularly cabbage, celery, lettuce, onions, spinach, tomatoes and snap beans. Acreage of all vegetables for fresh market, as now indicated, will be only 1 percent larger than harvested acreage last year, but yields are somewhat better than last season.

With few exceptions, prices of truck crops declined seasonally during June and July. But improved demand conditions have more than offset the effect of increased supplies so that prices generally are higher than last season. Abundant supplies of snap beans, onions and tomatoes may keep prices of those products near, or below those of last year.

The 1942 production of truck crops for processing is expected to exceed the record crop of last year. Snap bean production for processing, as indicated at this time, may exceed last year by 33 percent and production of green peas is expected to be 34 percent larger than last year. Indicated acreage of tomatoes for processing is 30 percent larger than last year. Production goals for tomatoes called for a 27 percent increase in the canned tomato pack. Other processing crops for which the planted acreage is larger are sweet corn, lima beans, cucumbers for pickles, and pimientos.

ECONOMIC TRENDS AFFECTING AGRICULTURE

INDEX NUMBERS: INDICATED BASE PERIOD = 100

YEAR AND MONTH	INDUS- TRIAL PRO- DUCTION ¹	FACTORY EMPLOY- MENT ²	FACTORY PAY ROLLS ²	INCOME OF IN- DUSTRIAL WORKERS ³	WHOLE- SALE PRICES OF ALL COMMOD- ITIES ⁴	RETAIL FOOD PRICES ⁵	COST OF LIVING URBAN ⁶	PRICES RECEIVED BY FARMERS ⁷	PRICES PAID BY FARMERS ⁸	PRICES PAID BY FARMERS, INTEREST AND TAXES ⁸	RATIO OF PRICES RE- CEIVED TO PRICES PAID INCL. INTEREST & TAXES	CASH INCOME FROM FARM MAR- KETINGS ⁹
<i>Base Period</i>	1935-39	1935-39	1935-39	1935-39	1935-39	1935-39	1935-39	1910-14	1910-14	1910-14	1910-14	1910-14
1929	110	108	127	134	118	133	122	146	154	166	88	190
1930	91	94	103	110	107	126	119	126	146	159	79	152
1931	75	80	78	85	91	104	109	87	126	139	63	107
1932	58	68	54	59	80	86	98	65	108	121	54	80
1933	69	75	58	61	82	84	92	70	108	118	59	89
1934	75	88	74	77	93	94	96	90	122	128	70	106
1935	87	93	86	87	99	100	98	108	125	130	83	119
1936	103	101	99	100	100	101	99	114	124	128	89	139
1937	113	111	118	117	107	105	103	121	131	135	90	148
1938	89	93	91	91	98	98	101	95	123	129	74	129
1939	108	102	106	105	96	95	99	93	121	127	72	132
1940	123	110	122	119	98	97	100	98	122	127	77	141
1941	156	130	172	163	108	105	105	122	131	134	91	188
1941-												
May	154	128	164	157	105	102	103	112	125	130	86	176
June	159	131	175	167	108	106	105	118	128	132	89	175
July	160	136	182	173	110	107	105	125	130	133	94	179
Aug.	161	136	183	174	112	108	106	131	133	136	96	186
Sept.	161	135	187	177	114	111	108	139	136	138	101	200
Oct.	163	136	189	178	115	112	109	139	139	141	99	203
Nov.	166	137	192	180	115	113	110	135	141	143	94	205
Dec.	167	138	197	187	116	113	110	143	142	143	100	244
1942-												
Jan.	171	138	208	196	119	116	112	149	146	146	102	243
Feb.	172	138	205	194	120	117	113	145	147	147	99	236
Mar.	171	138	205	194	121	119	114	146	150	150	97	231
Apr.	173	138	211	202	122	120	115	150	151	151	99	248
May ¹⁰	176	140	220	208	123	122	116	152	152	152	100	236
June ¹⁰	--	--	--	--	122	--	--	151	152	152	99	--

¹Federal Reserve Board, adjusted for seasonal variation. Revised September 1941.

²Bureau of Labor Statistics, adjusted for seasonal variation and converted from the 1923-25 base (employment adjusted by Federal Reserve and pay rolls by Bureau of Agricultural Economics).

³Adjusted for seasonal variation. Includes factory, railroad, and mining employees. Revised November 1941. To convert to 1924-29 base, multiply by 78.0744 percent.

⁴Bureau of Labor Statistics, 1926 = 100 converted to 1935-39 = 100 by multiplying by 124.069 percent.

⁵Bureau of Labor Statistics.

⁶Bureau of Labor Statistics. Index numbers of cost of goods purchased by wage earners and low-salaried workers in large cities.

⁷August 1909-July 1914 = 100.

⁸Revised June 1942. Annual figures are straight averages of 12 monthly indexes, 1923-41.

⁹Adjusted for seasonal variation, converted from 1924-29 = 100 to 1910-14 = 100.

¹⁰Preliminary.

Note: In comparing trends between industrial production and industrial workers' income, as indicated by the above index numbers, notice should be taken of the fact that income of railway workers, as well as incomes of mining and factory workers, is included in the index of industrial workers' income, whereas the industrial production index is based on mining and manufacturing only. Similar precautions are necessary in comparing trends between industrial production and factory employment and pay rolls. Another consideration of importance is that the production index is based on volume, whereas the income indexes are affected by changes in wage rates as well as by time worked. In comparing monthly indexes it is important to keep in mind the fact that there is usually a time lag between changes in volume of production and similar changes in employment and in workers' income.

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